

HCA for the Restructured Office of Science
Submitted in Support of the Request for Assignment of HCA Authority
to Dr. Milton D. Johnson, Office of Science Chief Operating Officer

Background

The fundamental principle underlying the Office of Science (SC) restructuring is that an organization is most effective if the roles and responsibilities of its elements are clearly defined and integrated, authority is delegated to the lowest capable and responsible level, and accountability for performance expectations is maintained. Illustrating this principle to support the request for assignment of Head of Contracting Activity (HCA) authority to the SC Chief Operating Officer (COO) is the purpose of this paper.

The COO position in the restructured SC is the single point of accountability for all SC operational and support components. The managers of those components report directly to the COO. These include Site Managers at the SC National Laboratories, the Chicago and Oak Ridge Managers, and the heads of three Headquarters staff offices. Contracting activity will occur at Chicago, Oak Ridge, and the Site Offices. Given this arrangement, the COO position is uniquely situated to fulfill HCA responsibilities. To judge the reasonableness of this arrangement, which is a departure from historic practice in DOE, it is appropriate to review the operational setting for this structural design.

In DOE, the acquisition and assistance field is a professional discipline that is employed, along with related business, technical and management disciplines, into a program execution system that is the primary means for accomplishing mission objectives.

The largest fraction of SC programmatic funds is obligated under management & operating (M&O) contracts for the ten SC managed national laboratories. SC uses research grants extensively with university-based research communities. Non-M&O contracts with large and small businesses and financial assistance awards to a variety of recipients are also used. In addition to prime awards by DOE, the SC mission is fulfilled through significant levels of subcontracting by M&O contractors. These business transactions range from routine supplies and services to procurements supporting complex facility construction and research equipment fabrication. The nature of the M&O relationship gives these subcontracts additional significance over those done by non-M&O contractors.

SC has line management responsibility and accountability for its programmatic mission but, in addition, SC is responsible to provide support to other DOE programs that choose to execute part of their mission either at one of the SC laboratories or through acquisition or assistance instruments awarded by the Chicago or Oak Ridge Offices. The precise nature of the support varies with the sponsor's requirements but generally involves the business functions such as acquisition, finance, and legal; supporting technical areas such as environment, safety, and health (ES&H); and specialized disciplines such as security and project management when needed. The support usually extends from pre-award activities through the performance period. In the case of work placed with a M&O

contractor, the Site Office provides similar support in a contract administration context plus support in operational areas including ES&H, security, and project management. Requirements that are unique to the non-SC organization or that exceed the support capability normally maintained by SC must be funded or otherwise provided by the sponsor.

There are a number of ways to deploy the functionality of an HCA in this operational environment. Essentially the choice is between a single HCA with management responsibility for the entire operation and two or more HCAs with responsibility for discrete aspects. SC is requesting that the Procurement Executive support a single HCA for the following reasons:

- A single HCA best serves the SC objective to fully integrate all aspects of its responsibilities including responsibility for acquisition and assistance.
- Improvements in contract administration can be realized over a larger segment of the organization through the emphasis and accountability afforded by a single HCA with responsibility for all ten non-NNSA laboratory contracts as well as the contract inventories at Chicago and Oak Ridge.
- To further the objectives of the President's Management Agenda, the HCA will maximize delegations of authority to warranted Contracting Officers at Chicago, Oak Ridge and the Site Offices consistent with laws, regulations, and direction from the Procurement Executive. Similarly, non-procurement authorities assigned to the HCA in DOE directives will be delegated to the lowest capable and accountable level consistent with the particular directive.
- A single HCA best serves the Under Secretary's direction to improve the operational and management performance of the laboratory contractors by reforming M&O contract provisions and restructuring Federal oversight of the contracts.
- Chicago and Oak Ridge currently report to SC and their acquisition and assistance functions are fully compliant. The proposed change is from multiple points to a single point of accountability without degradation of the underlying capabilities of the two offices.
- SC is committed to the reengineering phase of its restructuring initiative during which it will evolve to a common set of best practices across the entire set of support disciplines including the acquisition and assistance area. A timeline for this activity will be developed early in Phase 2 of the OneSC Project.

Discussion

In order to communicate the SC restructuring at a more detailed level, the following specifics regarding M&O contracting and other acquisition and assistance activity are provided:

- Currently, there are four HCAs over the ten SC laboratory contracts: Richland, 1; National Nuclear Security Administration (NNSA), 2; Chicago, 5; and Oak Ridge, 2. Richland reports to the Office of Environmental Management (EM).

- The SC restructuring consolidates all its laboratory contracts under a single source of authority. The consolidation is being accomplished in stages.
 - As a first stage, SC has made arrangements for the Berkeley, Stanford, and Pacific Northwest Site Offices to obtain support for the management of their M&O contracts from Chicago (Berkeley and Stanford) and Oak Ridge (Pacific Northwest) using the SC Integrated Support Center concept. The ISC is a virtual organization operated as a partnership between Chicago and Oak Ridge to provide administrative, business and specialized technical support SC-wide. This is not a formal change of HCA from NNSA or Richland but it does ensure that appropriate support is available in the interim until HCA is assigned to the SC COO.
 - The second stage formally consolidates from four HCAs to one with support for the Site Offices provided by Chicago (7) and Oak Ridge (3) as specified in the FY 2004 ISC Business Plan.
- It is important to stress that consolidation of HCA authority into one position does not signal the loss of the underlying capability (personnel and systems) that has supported the management of these ten contracts.
 - Except for the transfer of some acquisition professionals to Site Offices, the restructuring does not alter the Chicago and Oak Ridge acquisition systems.
 - EM is transferring 46 personnel from Richland to SC to form the Pacific Northwest Site Office (34) and provide support positions (12).
 - SC will add on the order of 20 positions to its Berkeley and Stanford Site Offices and to the support base for those offices. Some of these positions are expected to be filled by experienced personnel now serving at NNSA's Oakland office.
 - The single HCA will have the benefit of two, full service, contracting offices (Chicago and Oak Ridge) and the contract administration capabilities of the existing Site Offices, all of which are integrated in the OneSC structure.
- From the HCA perspective, the Site Offices are specialized contract management offices.
 - The Site Manager will qualify for a warrant as an Administrative Contracting Officer (ACO) and each office will have at least one Level III acquisition professional who will be responsible for transactions that exceed the scope of the ACO's warrant and be the on-site backup for the ACO.
 - In view of the unique site-wide management responsibilities of the Manager of the Oak Ridge Office (described below and in the attachments), the Manager will decide whether he or a member of his senior staff will serve as ACO for the ORNL M&O contract and the manner in which procurement support will be provided.
 - Site Managers are senior career personnel (SES or GM-15) and have a common set of roles, responsibilities, authorities and accountabilities which integrate three primary roles for a Site Office Manager:
 - Managing and administering the M&O contract.

- Representing DOE to regulators, communities and other outside interests as the “owner” of the laboratory.
 - Providing program execution support, as requested, to DOE and other sponsors of research.
- The acquisition support role currently performed by Chicago and Oak Ridge for the M&O contracts continues to be available to the Site Manager/ACO. In addition, Chicago and Oak Ridge will provide independent review for transactions that either (1) exceed the authority delegated to the Site Office Contracting Officers and have to be forwarded to the HCA or the Procurement Executive for approval or (2) are selected for review by the Office of Procurement and Assistance Management. In both situations, the transaction will receive review by appropriate Oak Ridge or Chicago staff, including legal review.
- The Site Offices would only award other contracts directly related to the management of the M&O contract or site specific responsibilities such as utility contracts. The Level III acquisition professional would be responsible for such awards plus those M&O transactions that exceed the scope of the ACO warrant.
- Support from either Chicago or Oak Ridge, whether in the form of advice, assistance, or independent review of transactions will be specified in the SC Integrated Support Center (ISC) Service Plan. The FY 2004 Service Plan was approved October 23, 2003 and is attached.
- For non-M&O contracting and financial assistance carried out at Chicago and Oak Ridge, the single HCA serves to focus authority without compromising the underlying capability to serve both the SC and other DOE customer base currently served by Chicago and Oak Ridge.
 - The HCA will have two compliant contracting offices each with a multiprogram customer profile:
 - Chicago’s primary customer will likely remain SC and the bulk of the awards for SC will be financial assistance, including the grant work being transferred to Chicago from NNSA (Oakland). However, Chicago will continue to provide acquisition and assistance placement and administration services to other programs.
 - Oak Ridge has a significant line management and acquisition responsibility for SC and EM as well as providing a range of services to other DOE programs. This is in addition to being the single point of DOE management for the 34,000 acre Oak Ridge Reservation.
 - Through reengineering there will evolve a set of common best practices that will be adopted by both offices while accommodating differences in the profile of the two offices.
 - For management accountability reasons, it is planned to maintain the separate identity of Chicago and Oak Ridge as contracting offices in such things as the PADS database.

At the request of the Office of Procurement and Assistance Management (ME-60) staff, the following specific topical areas are presented:

Headquarters SC COO/HCA

- HCA Span of Control
 - The HCA will be responsible for the Chicago and Oak Ridge Offices and nine Site Offices, including contracts for SC and for non-SC customers (e.g. EM, NE) currently served by Chicago and Oak Ridge.
- Control of the communication lines of authority
 - In the case of Chicago and Oak Ridge
 - The HCA will warrant Contracting Officers and respond to requests for approval of actions that exceed delegated levels of authority working through the Chicago and Oak Ridge Managers and their Procurement Directors.
 - The HCA will maximize the delegation of authority to Chicago and Oak Ridge consistent with restrictions and limitations placed on the HCA from higher authority. Similarly, the HCA will maximize delegation of relevant non-procurement responsibilities assigned to the HCA through DOE directives consistent with the limitations contained in those directives. In all cases the capabilities and performance of the individuals will be considered.
 - The Procurement Directors at Chicago and Oak Ridge will be responsible for the appropriate documentation supporting the issuance of warrants and all other acquisition and assistance actions at their offices as is currently done.
 - In the case of the Site Offices
 - The HCA will maximize the delegation of authority to the ACO and level III acquisition professional consistent with restrictions and limitations placed on the HCA from higher authority. Similarly, the HCA will maximize delegation of relevant non-procurement responsibilities assigned to the HCA through DOE directives consistent with the limitations contained in those directives. In all cases the capabilities and performance of the individuals will be considered.
 - Actions exceeding delegated authority will be submitted to the HCA from either the ACO or level III acquisition professional, as appropriate, and the Chicago or Oak Ridge Procurement Director will provide an independent level of review for those actions in support of the HCA. The SC Integrated Support Center Service Plan will reflect whether Chicago or Oak Ridge is assigned the responsibility for acquisition support of a particular Site Office.
 - The Procurement Directors at Chicago and Oak Ridge will provide general corporate support to the HCA with regard to Site Offices under their respective responsibility, including the maintenance of documentation in support of Contracting Officer warrants issued to Site Office personnel.

- Support structure
 - For its proposed restructuring, SC has decided to provide administrative, business, and technical support to the entire SC enterprise through the SC Integrated Support Center (ISC). The ISC is a virtual organization comprised of the combined support capabilities of the Chicago and Oak Ridge Offices. The FY 2004 Service Plan for the ISC was approved by the COO on October 23, 2003 and is attached for information. The Service Plan includes, as an attachment, the “To Be” Condition Report for the ISC.
 - In the acquisition and assistance area, Chicago and Oak Ridge will maintain fully compliant contracting offices and continue to be fully capable of supporting their own transactions. As presented above, the Site Offices will be provided support for their contracting activities by either Chicago or Oak Ridge acting as the ISC. Through reengineering, a common set of business practices including those related to acquisition and assistance, will be approved for the ISC and will be used SC-wide. This is a major element of the SC restructuring initiative. A schedule and milestones will be developed early in Phase 2 of the OneSC Project.
- Roles and responsibilities
 - The COO will fulfill all the responsibilities of an HCA as defined in regulation and DOE directives. The roles and responsibilities for the SC COO and the other major elements of SC are summarized in a White Paper submitted to the Secretary requesting approval of the SC realignment and it is included with this submittal.
- How will the HCA work with the Integrated Support Center, site COs, and Site Manager?
 - The Integrated Support Center (ISC) is the vehicle for providing SC-wide support including support in the acquisition and assistance area.
 - The COO/HCA approves the annual ISC Service Plan. The COO will utilize a Management Council to assist in maintaining the overall effectiveness of the ISC.
 - The HCA will warrant the Site Manager/ACO and the level III acquisition professional at a Site Office and maintain awareness of their performance through normal interactions.
 - The HCA will also have a Senior Acquisition Advisor on staff at Headquarters to assist with the oversight of contracting activities at the Site Offices and at Chicago and Oak Ridge.

Site Office Managers as the single point of federal accountability

- Non-1102, Administrative warrant only
 - It is SC’s intent to have clear lines of authority and accountability for its Site Office Managers. Whereas policy, direction, and scientific program management will come from SC Headquarters, program implementation

will be done through Sites Offices at SC laboratories with support from the ISC. Site Office Managers are the single point of federal accountability for their laboratory and report directly to the COO/HCA; the Director of Science is the reviewing official for Site Manager performance. The Chicago and Oak Ridge Managers have the same reporting relationship with the COO and SC-1.

- Site Offices are designed to manage the M&O contract terms and conditions, monitor and assess the contractor's performance against contract requirements, and ensure that the Government meets its obligations under the contract. Site Office Managers will function as non-1102 warranted Administrative Contracting Officers (ACO). In addition, the Site Office Manager is the representative of the Government as the owner of the laboratory in relationships with external regulators, local communities, and other external stakeholders. Site Offices also provide support, as requested, to research sponsors to facilitate the successful accomplishment of work.
- Initially, some Site Office Managers will not be fully qualified for ACO warrants, but in all cases, there will be at least one fully certified Level III acquisition professional on the Site Office staff. It is proposed that Site Office Managers be appointed ACOs pursuant to Section 4.b. of DOE Order 541.1A and have 18 months from the date of appointment to meet the requirements set forth in Attachment 1 of the Order. Until a Site Office Manager acquires all required ACO training, ACO actions will be reviewed and concurred in by the level III acquisition professional.
- Minimum training requirements (CON 101, CON 104, CON 210)
 - CON 101- Basics of Contracting:
 - This course requirement can be taken online through the Defense Acquisition University (DAU) at no direct cost to the Site Office. If taken through the Northwest Procurement Institute, Inc. (NPI), Management Concepts, or some other organization, CON 101 would entail 20 days of classroom training, with an associated cost of \$2,421 to \$3,116 per individual, plus per diem and travel cost.
 - CON 104 - Principles of Contract Pricing
 - This course requirement can be taken through DAU online, along with 5 days of classroom training. There would be no direct cost to the Site Office for the course, but the 5 days classroom training would involve per diem and travel costs. If taken through the NPI, Management Concepts, or some other organization, CON 104 would entail 15 days of classroom training with an associated cost of \$1,947 to \$2,394, per individual, plus per diem and travel cost.
 - CON 210 - Government Contract Law
 - This course is not offered online through DAU. DAU does offer a 10 day classroom course which would be at no direct cost to the Site Office. This 10 day course is also available through NPI and

Management Concept at a cost of \$1,123 to \$1520, per individual, plus per diem and travel cost.

- It appears advantageous to take the DAU online training (CON 101 and 104) along with their 5 day course (CON 104).
- Maintain 80 hours of continuous learning every two years
 - Pursuant to DOE Order 361.1, the HCA will ensure that existing acquisition staff and managers receive continuous learning training as needed to comply with the DOE Order and to keep current on emerging acquisition requirements, policies, issues, and techniques. Acquisition staff and managers will take maximum advantage of DOE-sponsored training and management/executive seminars, special jobs and/or professional association-related projects, and/or participation in seminars/workshops, or other appropriate developmental assignments.

Fully credentialed Contracting Officer at each Laboratory Site Office:

- Communication and authority lines
 - Communication and authority lines will be covered by an internal directive on Contracting Officer authorities which
 - establishes and maintains an up-to-date database of the contracting activity's Contracting Officers and Contracting Officer Representatives by name and position
 - identifies the limitations on each of the identified personnel
 - Certification Level (I, II, III)
SC is fully aware of the requirements of DOE Order 326.1 (Acquisition Career Development Program) and the responsibilities of the HCA (paragraph 6c).
- The level III acquisition professional at each Site Office will perform those functions the ACO is not warranted to perform such as issuing allowable/unallowable cost determinations, approval of certain aspects of contractor human resource plans, etc.

OneSC-Wide

- PADS
 - There will be no immediate change in the manner in which data is entered into PADS. SC plans to develop SC-wide common best practices that fully comply with DOE requirements as part of its reengineering effort. This will include acquisition and assistance practices. However, the HCA believes it is appropriate to maintain the separate identity of Chicago and Oak Ridge in PADS for performance management purposes.

- With regard to the laboratory M&O contracts, which will be managed by Site Offices, guidance from ME-60 as to how best to reflect this in PADS has been received and will be implemented.
- Procurement Policies and Procedures
 - Procurement policies and procedures are the responsibility of ME-60. Local implementation of such Policies and Procedures will be the responsibility of the HCA carried out by the Oak Ridge and Chicago Offices and Site Offices as appropriate. A point of contact at Oak Ridge and Chicago will be identified for maximum coordination between the two principal contracting organizations. As mentioned above, SC plans to develop SC-wide common practices through reengineering which will result in maximum uniformity in local implementation of DOE policies while recognizing unique situations. A timetable for this activity in the acquisition and assistance area will be developed cooperatively with Chicago and Oak Ridge as a part of the OneSC Project.
- Balance Score Card (BSC)
 - The BSC is a conceptual frame work for translating an organization's vision into a set of performance indicators distributed among four perspectives: Finance, Customer, Internal Business Processes, and Learning and Growth. The HCA will utilize the BSC for its intended purpose, oversight of Federal and contractor purchasing and property management systems, and assessing performance against Departmental expectations. It is understood that the HCA will have ultimate responsibility for DOE business systems and oversight responsibilities for the Department's major contractors' business activities. The contractor BSC reports will be submitted to the ACO and be shared with subject matter experts supporting the ACO at either OR or CH for review. Feedback is provided to the contractor through the ACO and corrections are made to the BSC, if necessary. The BSC report is then transmitted to HQ by CH or OR.
- Personal Property Management
 - The performance of SC laboratory contractors in the management of government personal property in their custody as well as the performance of federal personnel is currently being reviewed at the direction of SC-1. The SC restructuring will clarify the role of the Site Manager/ACO as the single point of federal accountability for the M&O contract including oversight of personal property in the possession of the M&O contractor and approval of contractor property systems. In support of that role, the Organizational Property Management Officer at Chicago and Oak Ridge (performing as the ISC) will provide the subject matter expertise to maintain a compliant personal property management program for their respective offices and Site Offices.

- Contractor Human Resource
 - DOE Order 350.1 Chg 1 covers Contractor Human Resource Management Programs. Each Chapter of the Order covers specific areas, identifying the objective, applicability, requirements and responsibilities. The responsibilities of the HCA will not change. The attached Matrix of Responsibilities identifies areas of responsibility for contractor human resource actions among the HCA, ACO, site level III acquisition professional. Supplements to DOE Orders will be issued to define in more detail the specific responsibility of each organizational element. In summary, the HCA will utilize the Site Offices and ISC to carry out HCA responsibilities and will delegate responsibilities as deemed appropriate. The ISC will provide support to the Site Managers and the HCA.
- Contractor Purchasing Systems
 - See Balance Score Card above.
 - The HCA recognizes the importance of oversight of contractors' procurement/purchasing systems, especially the business systems assessment program in order to
 - Ensure business systems adhere to the Department's mission, vision and strategy statement;
 - Follow recognized "Best Business Management" practices; and
 - Comply with applicable statutes, regulations, and contract terms and conditions.
- Acquisition Planning
 - Acquisition Planning is the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition. Acquisition Planning is covered in FAR Part 7, with additional DOE guidance in Chapter 7 of the DOE Acquisition Guide. The HCA will ensure that Acquisition Planning is carried out accordingly, utilizing the ISC for support.
- Integration of Laboratory Performance Evaluations
 - Integration of laboratory performance evaluations occurs at several points in the process currently used for the SC laboratories contracts. This process will continue under OneSC, with the exception of the location of the HCA. The process is initiated with the development of a performance assessment plan by the Site Office. Chicago and Oak Ridge functional subject matter experts and HQ program personnel provide support where needed to the Site Office in the development of this plan. The next step is submission of the performance assessment plan by the Site Manager. Upon resolution of comments received, the plan is submitted to the HCA and SC-1 for concurrence prior to final agreement with the laboratory contractor.

- It is the performance assessment plan that serves as the basis for evaluating laboratory contractor performance and there are differences in the detailed aspects of the plans appropriate to each contract. As with the performance assessment plan, the Site Office has the responsibility for preparing a performance evaluation report and, once again, DOE program offices and Chicago/Oak Ridge functional subject matter experts provide support to the Site Offices where needed. Prior to issuance to the contractor, an overview of the evaluation report is prepared by the Site Office and is submitted to the Director, SC through the HCA. Currently, a recommendation is provided to the Director, SC on the annual earned fee and the SC Director's concurrence is provided prior to final determination and notice to the contractor.

Attachments

1. White Paper: OneSC, Office of Science Restructuring Project
2. SC Integrated Support Center FY 2004 Service Plan, approved October 23, 2004
3. Matrix of Responsibilities for SC M&O Contracts